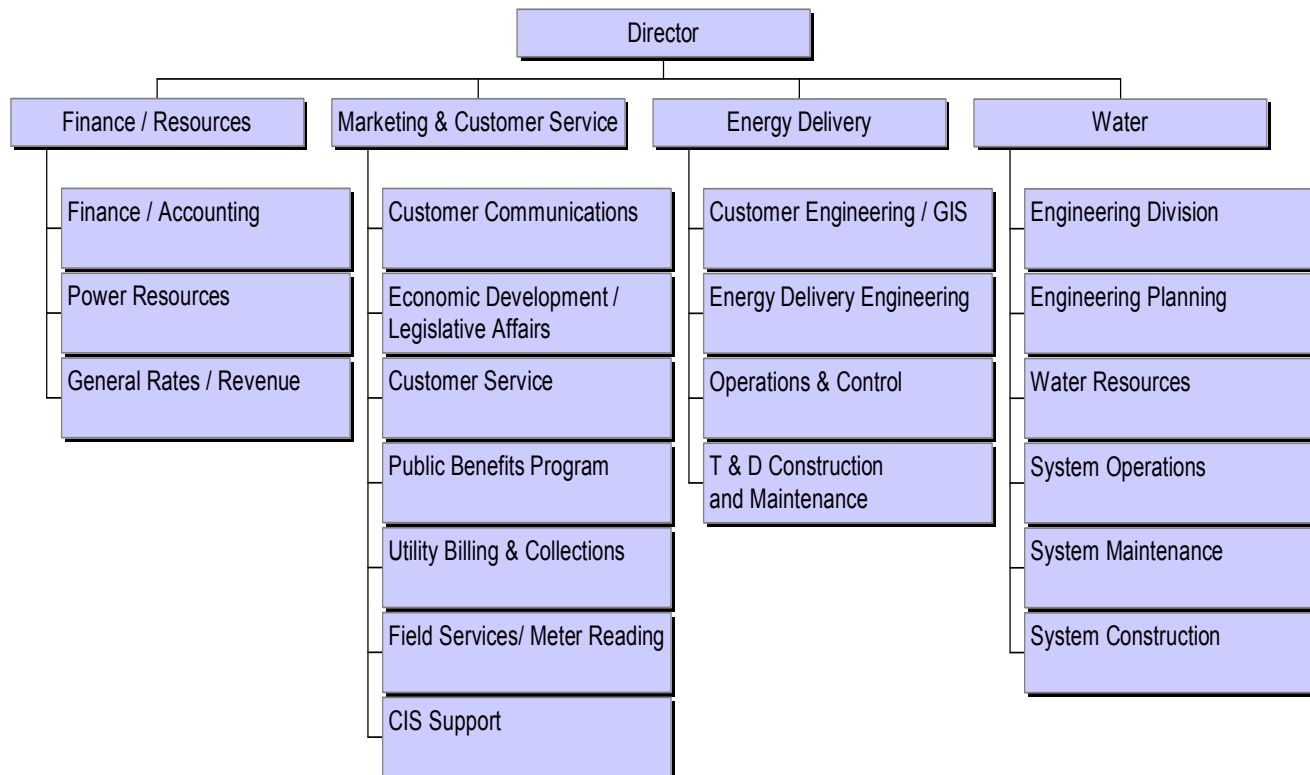


Public Utilities



Mission Statement

Riverside Public Utilities is committed to the highest quality water and electric services at the lowest possible rates to benefit the community.

Vision

Riverside Public Utilities will be recognized as a community treasure with a national reputation for excellence.

Strategic Priorities Addressed

- Improve and preserve our quality of life
- Reduce transportation congestion and improve traffic flow
- Address Riverside's social concerns with community involvement
- Beautify the City

Major 2004/05 Priorities

- Maintain high customer service/satisfaction levels.
- Continue efforts to increase "green" and renewable energy resources.
- Expand under-grounding and cable replacement programs in the Electric Utility.
- Implement the approved long-term power supply plan.
- Construct a 110MW Power Plant (Riverside Energy Resource Center)
- Construct an Energy Demonstration/Customer Service Center in Casa Blanca.
- Continue construction on the pipeline replacement program.
- Continue ongoing efforts to achieve the Water Utility goal of "non-detect at the tap".
- Construct improvements related to the Cal Trans-sponsored 60/91/215 freeway expansion.

Public Utilities

Description of the Service

Electric

Riverside Public Utilities provides electric service to over 100,000 customers, with a service area population of approximately 274,000, encompassing over 79 square miles. Riverside Public Utilities owns, maintains and operates 88 circuit miles of transmission lines, 1,132 circuit miles of distribution lines, 100 miles of communication lines, 14 substations, and four 10 megawatt generating units.

The Electric Utility contributes 9 percent of operating revenues to the City's General Fund. For FY 2004/05, this is estimated to be approximately \$17.7 million. This money is essential for providing needed public services, such as library books, street repair, park maintenance, and increased public safety.

The Electric Utility acts competitively, with a sharp focus on customers, while maintaining a financially sound utility. Compared to other local utilities, Riverside's rates are lower, reliability is higher and more funds are returned to the local community in the way of low-income assistance, rebates and community support. The Electric division is targeting efforts to increase conservation and energy efficiency, and is increasing the amount of renewable energy in conjunction with Riverside's Renewable Portfolio Standard.

Water

The Water Utility is responsible for providing adequate water supplies to its customers at the lowest possible cost. This includes assuring continued access to water resources while maintaining a high quality water supply and reliable water distribution system. The Water Utility has made significant strides in water treatment, and by April 2004 it will be operating nine treatment facilities, (compared to no treatment facilities five years ago). In addition, several significant water line replacements have been completed, ensuring improved reliability.

The Water Utility services approximately 60,000 customers, with a service area population of approximately 240,000. The Water Utility maintains its own distribution system, which contains 938 miles of pipeline ranging from 1" to 6 feet in diameter, 51 domestic wells, 16 active reservoirs (with a capacity over 100 million gallons) and 12 miles of canals.

The Water Utility contributes 11.5 percent of operating revenues to the City's General Fund, which will amount to nearly \$3.4 million for FY 2004/05.

Programs and Program Goals

FY 2004/05

Electric

Management Services Administrative: To provide policy direction/leadership/vision, administrative support, and fiscal management to enable the Department to achieve program outcomes while complying with federal, state, local, and other requirements.

Customer Service: To receive and respond to hundreds of thousands of City of Riverside customer requests and inquiries in order to provide prompt, courteous, and professional services.

Utility Billing Section: To efficiently process meter readings, service orders, journal entries and billing exceptions in order to verify billing accuracy and to contribute to the overall effectiveness of the Department.

Collections/Credit Program: To minimize the City's exposure to bad debts by effectively reviewing customer creditworthiness, successfully collecting on unpaid accounts, and administering sound credit and collection policies for the City of Riverside.

Field Services/Meter Reading: To maximize the efficiency of the City's Utility by initiating and terminating electric and water services, accurately reading meters, enforcing collection efforts, and administering the City's energy diversion policies.

Public Utilities

Programs and Program Goals

Electric Transmission and Distribution Construction and Maintenance: To respond to customer emergency calls within 2 hours and to operate, maintain, and construct electric transmission, distribution, and communication systems for electric customers and others within our service territory in order that they will receive safe and reliable electric service.

Customer Communications: To provide public communications, education, marketing and community support services to Riverside Public Utilities customers and other City departments in order to improve customer relations, promote loyalty and increase customer satisfaction.

Programs and Services Section: To administer the Public Benefits Charge to fund programs which provide public benefits to Riverside's electric customers in order to provide programs related to energy efficiency, conservation, research and development, renewable energy, and low-income assistance.

Economic Development/Legislative Affairs: To provide economic development presentations, electric service agreements, to promote business attraction and expansion while providing new jobs and increased revenues to the City, and to ensure legislation helps the utility fulfill its mission.

Electric Operations & Production: To respond to utility emergency calls, and to operate, maintain and construct utility systems for utility customers and others within the service territory in order to provide safe and reliable utility services.

Energy Delivery Engineering: To provide timely planning, coordination, and engineering services for the electric generation and transmission systems, distribution infrastructure, street lighting, substations, and communications systems in order to provide safe and reliable energy to our customers.

Customer Engineering—GIS: To provide design, GIS mapping, and project coordination services for the construction, upgrade, and operation of the Riverside Electric Utility system facilities servicing new as well as current residents and businesses in the City of Riverside in order to provide safe and reliable energy.

Power Resources: To operate generation resources, and provide reliable and economic power supply for Riverside's customers, and risk management/counterparty credit analysis in order to maximize the Department's savings and thereby help minimize the power costs for Riverside's electric customers.

Water

Water Field Operations: To provide for the maintenance and construction of the City's Municipal Water System in order that our customers have a safe, reliable, and efficient water system.

Water Engineering: To provide water system planning, engineering, resource management, development services, and administrative support to water utility customers and other divisions in order to support the Utility's infrastructure expansion and replacement needs.

Water System Operations: To provide the highest quality of water that meets or exceeds all State and Federal mandated quality guidelines at adequate pressure and flow, to meet firefighting requirements, and to meet the highest standards of reliability, for the customers of the City's Water Utility in order that they may receive adequate water for human consumption.

Public Utilities

Performance Measures

	Actual	Estimated	Target
	2002/03	2003/04	2004/05
% average residential electric rate that is lower than Southern California Edison (500 kWh monthly usage)	5.6% as of 11/01/2003	4.4% as of 2/01/2004	5%
% power costs (under) over budgeted cost	-3.7%	2.6%	2.5%
% of annual load forecast versus actual load	-2.1%	5.7%	+ or - 5%
Cost per utility bills and notices (CIS-I/S)	\$0.67	\$0.70	\$0.70
Meter reading accuracy percentage rate	99.93%	99.93%	99.90%
Customer average time on hold (phone center) /seconds	21	30	30
% of bad debt write off to utility revenue	0.20%	0.20%	0.25%
kWh saved due to Public Benefit programs	7,741,100	3,500,000	3,500,000
Electric System average interruption duration index (SAIDI)/min	57.93	48.00	50.00
Electric System average interruption frequency index (SAIFI)	0.86	0.75	1.15
% of reported street light repairs completed within 24 hours	95%	95%	98%
\$ per street light change out	\$208	\$215	\$222
% of Electric Plan Check turnaround times met or exceeded	98%	98%	98%
% average residential water rate differs from lowest local provider (27 ccf's monthly usage)	-11.05% as of 11/1/2003	-11.05% as of 2/1/2004	5%
% of building plans reviewed within 30 days by water engineering division	100%	100%	100%

Recent Accomplishments

- Approved Work Order Management System
- Maintained Standard & Poors and Fitch credit ratings for Electric and Water Revenue Bonds.
- Continued efforts on the pipeline replacement program.
- Constructed photovoltaic generating station at La Sierra Metro link station and Indiana Avenue low-income apartment complex.
- Updated Financial Risk Management Policy.
- Updated Counterparty Credit Policy.
- Completed contracts for 31 MW of green power.
- Operation of 40 MW Springs Generation Facility to provide additional reliability to electric customers.
- Completed construction of the North Orange pipeline project and Palmyrita Treatment Plant providing the City with a third major water supply source.
- Became a Participating Transmission Owner with the Independent Systems Operator.
- Increased cash reserve policy.
- Achieved over 90 percent customer satisfaction ratings with all utility services and customer service.
- Obtained federal and state legislative support of the Utility legislative policies.
- Supported over 200 local organizations and events.
- 15 economic development electric rate agreements over the last two years resulted in \$6,000,000 annual increase in electric revenues (and \$540,000 increase in the general fund transfer).
- Begin process of constructing 110 MW Riverside Energy Resource Center.
- Approved Renewable Portfolio Standard.
- 100,000 Electric customers

Department Summary

Budget Summary	Actual 2001/02	Budget 2002/03	Proposed 2004/05	Change
Personnel Services	30,015,931	34,074,186	34,931,299	2.5%
Non-Personnel	155,318,219	156,998,520	165,649,711	5.5%
Special Projects	5,097,984	4,555,000	7,397,000	62.4%
Equipment Outlay	784,340	954,492	1,589,366	66.5%
<i>Direct Operating</i>	191,216,474	196,582,198	209,567,376	6.6%
Debt Service	25,371,467	28,484,387	30,651,010	7.6%
Capital Outlay	40,262,206	87,658,000	44,967,000	-48.7%
Charge From Others	12,330,899	13,103,186	13,474,357	2.8%
<i>Gross Budget</i>	269,181,046	325,827,771	298,659,743	-8.3%
Charge To Others	(13,681,534)	(13,404,688)	(14,363,733)	7.2%
Net Budget	255,499,512	312,423,083	284,296,010	-9.0%

Expenditure Summary (Net Budget)

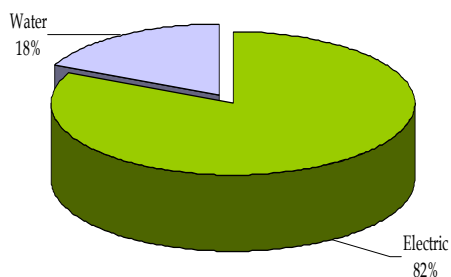
Electric Utility	206,501,129	271,111,891	233,035,365	-14.0%
Water Utility	48,998,373	41,311,192	51,260,645	24.1%

Expenditure Total	255,499,502	312,423,083	284,296,010	-9.0%
--------------------------	-------------	-------------	-------------	-------

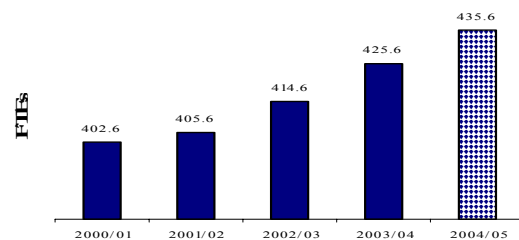
Personnel Summary	405.60	425.60	435.60	10.00
--------------------------	--------	--------	--------	-------

Program Summary

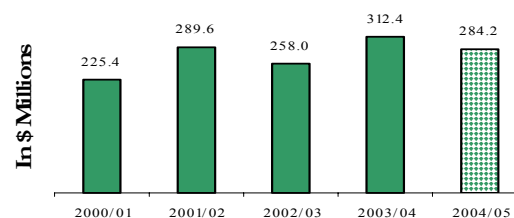
Spending Distribution



Personnel Summary



Historical Budget Expenditures



Public Utilities / Electric (510 and 511)

Division Summary

Budget Summary	Actual 2002/03	Budget 2003/04	Proposed 2004/05	Change
Personnel Services	21,327,866	23,816,382	24,677,130	3.6%
Non-Personnel	144,707,508	146,652,763	151,393,045	3.2%
Special Projects	4,977,435	4,365,000	7,207,000	65.1%
Equipment Outlay	493,737	527,613	1,115,319	111.4%
<i>Direct Operating</i>	171,506,546	175,361,758	184,392,494	5.1%
Debt Service	18,806,242	21,782,477	24,013,010	10.2%
Capital Outlay	19,560,299	76,521,000	28,118,000	-63.3%
Charge From Others	7,078,818	7,518,344	7,450,594	-0.9%
<i>Gross Budget</i>	216,951,905	281,183,579	243,974,098	-13.2%
Charge To Others	(10,450,767)	(10,071,688)	(10,938,733)	8.6%
Net Budget	206,501,138	271,111,891	233,035,365	-14.0%

Expenditure Summary (Net Budget)

Management Services	2,344,517	2,606,973	2,049,414	-21.4%
Utility Billing	1,893,578	2,516,639	2,645,199	5.1%
Field Services	2,717,532	3,111,674	3,277,883	5.3%
Customer Service	1,901,735	2,317,409	2,361,171	1.9%
Marketing Service	808,221	936,874	931,655	-0.6%
Economic Development and Legislative Affairs	209,726	193,308	184,589	-4.5%
Production and Operations	3,928,890	4,673,334	4,733,811	1.3%
Field Operations	5,171,818	5,982,426	7,819,131	30.7%
Energy Delivery Engineering	1,610,456	1,943,342	2,392,053	23.1%
Customer Engineering - GIS	1,406,607	1,627,164	1,595,471	-1.9%
Power Generation	3,216,935	3,537,492	3,752,598	6.1%
Power and Energy Production	137,235,203	138,089,000	140,715,949	1.9%
Electric Bonds	18,471,048	21,431,695	23,679,660	10.5%
Capital Improvements	19,413,005	76,521,000	28,118,000	-63.3%
Public Benefit	6,171,858	5,623,561	8,778,781	56.1%
Expenditure Total	206,501,129	271,111,891	233,035,365	-14.0%

Personnel Summary

Management Services	22.00	15.00	16.00	1.00
Utility Billing	14.00	17.25	17.00	(0.25)
Field Services	40.75	42.50	42.50	0.00
Customer Service	37.45	43.45	43.45	0.00
Marketing Service	5.50	6.50	6.50	0.00
Economic Development and Legislative Affairs	4.00	2.00	2.00	0.00
Production and Operations	39.00	39.00	39.00	0.00
Field Operations	54.00	54.00	54.00	0.00
Energy Delivery Engineering	21.00	22.00	28.00	6.00
Customer Engineering - GIS	17.00	18.00	20.00	2.00
Power Generation	17.00	21.00	19.00	(2.00)
SPRINGS	0.00	0.00	2.00	2.00
RERC	0.00	0.00	2.00	2.00
Public Benefit	10.90	14.90	14.15	(0.75)
Personnel Total	282.60	295.60	305.60	10.00

Public Utilities / Water (520)

Division Summary

Budget Summary	Actual 2002/03	Budget 2003/04	Proposed 2004/05	Change
Personnel Services	8,688,065	10,257,804	10,254,169	0.0%
Non-Personnel	10,610,711	10,345,757	14,256,666	37.8%
Special Projects	120,549	190,000	190,000	0.0%
Equipment Outlay	290,603	426,879	474,047	11.0%
<i>Direct Operating</i>	19,709,928	21,220,440	25,174,882	18.6%
Debt Service	6,565,225	6,701,910	6,638,000	-1.0%
Capital Outlay	20,701,907	11,137,000	16,849,000	51.3%
Charge From Others	5,252,081	5,584,842	6,023,763	7.9%
<i>Gross Budget</i>	52,229,141	44,644,192	54,685,645	22.5%
Charge To Others	(3,230,767)	(3,333,000)	(3,425,000)	2.8%
Net Budget	48,998,374	41,311,192	51,260,645	24.1%

Expenditure Summary (Net Budget)

Production and Operations	9,578,775	9,510,107	13,394,840	40.8%
Field Operations	5,789,109	6,347,057	6,828,050	7.6%
Engineering	4,850,601	6,131,184	6,122,334	-0.1%
Debt Service	6,565,225	6,701,910	6,638,000	-1.0%
Capital Improvements	22,214,663	12,620,934	18,277,421	44.8%

Expenditure Total	48,998,373	41,311,192	51,260,645	24.1%
--------------------------	------------	------------	------------	-------

Personnel Summary

Production and Operations	25.00	27.00	27.00	0.00
Field Operations	69.00	71.00	71.00	0.00
Engineering	29.00	32.00	32.00	0.00

Personnel Total	123.00	130.00	130.00	0.00
------------------------	--------	--------	--------	------